

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-12 ISO-00 IO-10 AGR-05 CEA-01 CIAE-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 USIA-06 PRS-01 SP-02 OMB-01 COM-02 FEA-01 /105 R

DRAFTED BY TREAS:RSELF

APPROVED BY EB/OT/STA:WCLARK,JR.

EB/OT/STA:MCJONES

EUR/RPE:RBRESLER

STR.HLAWRENCE (INFO)

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P R 132347Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY ROME PRIORITY

INFO USMISSION EC BRUSSELS

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E.O. 11652:N/A

TAGS: ETRD, IT

SUBJECT: FLOAT GLASS -- COUNTERVAILING DUTY INVESTIGATION

REF: ROME 16050

1. BEGIN LIMITED OFFICIAL USE. WE APPRECIATE EMBASSY'S ANALYSIS OF POLITICAL AND ECONOMIC SITUATION SURROUNDING MEZZOGIORNO PROGRAMS AND THE POTENTIAL IMPACT OF COUNTERVAILING DUTY ON IMPORTED ITALIAN FLOAT GLASS. RETICENCE BY THE MANUFACTURERS TO SUPPLY INFORMATION IS, OF COURSE, MOST UNFORTUNATE, IN VIEW OF THE FACT WE NOW HAVE COOPERATION FROM THE OTHER EC MANUFACTURERS (BELGIAN SUBMISSION EXPECTED THIS WEEK). GOI'S INABILITY TO PERSUADE
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THE MANUFACTURERS TO SUPPLY INFORMATION, THOUGH CERTAINLY

BELIEVABLE, IS PERPLEXING IN LIGHT OF POLITICAL FACTORS AT
STAKE REFERRED TO IN PARAGRAPHS 2 AND 3 REFTEL. END LIMIT-
ED OFFICIAL USE. BEGIN CONFIDENTIAL. ITALIAN EMBASSY
OFFICIALS HERE HAVE HINTED THAT REASON FOR NON-COOPERATION
IS FRENCH OWNERSHIP OF COMPANIES INVOLVED, IMPLYING THAT
IT IS IN FRENCH INTEREST TO CAUSE CONFRONTATION BETWEEN
U.S. AND ITALY OVER THIS ISSUE. WE NOTE THAT IN FRENCH
FLOAT GLASS CASE GOVERNMENT WAS MOST COOPERATIVE IN SUPPLY-
ING NECESSARY DATA. END CONFIDENTIAL.

2. BEGIN LIMITED OFFICIAL USE. AS EMBASSY REALIZES THE
TREASURY MUST ISSUE A POSITIVE DECISION IN THE ABSENCE
OF SUFFICIENT INFORMATION TO REBUT THAT SUPPLIED BY THE
PETITIONER IN THIS CASE. HOWEVER SOCIALLY AND POLITICALLY
JUSTIFIABLE THE MEZZOGIORNO PROGRAMS MAY BE FROM THE DO-
MESTIC ITALIAN STANDPOINT, UNLESS INFORMATION IS PROVIDED
WHICH ALLOWS TREASURY TO ASSESS ACTUAL IMPACT OF PROGRAMS
ON EXPORTS IT MUST DECIDE ON BASIS OF AVAILABLE
INFORMATION FROM THE PETITIONER WHICH WILL RESULT IN A
FINDING THAT THEY ARE BOUNTIES OR GRANTS WITHIN THE
MEANING OF THE COUNTERVAILING DUTY LAW.

3. THROUGHOUT THE FLOAT GLASS INVESTIGATION, THE
ITALIAN MANUFACTURERS HAVE INDICATED THAT THERE IS NO
NEED TO SUPPLY TREASURY WITH REQUESTED DATA BECAUSE OF
THE ABSENCE OF ANY SALES TO THE U.S. U.S. IMPORT
STATISTICS NOT SUFFICIENTLY DETAILED TO ALLOW US TO
VERIFY THAT ASSERTION. IN A LAST DITCH EFFORT TO AVOID
CONFRONTATION WITH ITALIANS OVER A MATTER WHICH APPARENTLY
HAS LITTLE OR NO PRESENT ECONOMIC SIGNIFICANCE, TREASURY
HAS SUGGESTED FOLLOWING: SHOULD THE ITALIAN MANUFACTURERS
PROVIDE WRITTEN ASSURANCES TO THE TREASURY DEPARTMENT
THAT THEY DO NOT INTEND TO EXPORT TO THE U.S. MARKET,
THE INVESTIGATION COULD BE DISCONTINUED ON THAT BASIS,
THUS NEGATING THE NECESSITY FOR TREASURY TO MAKE A
DETERMINATION AS TO THE APPLICABILITY OF THE COUNTER-
VAILING DUTY LAW TO THE ITALIAN REGIONAL INCENTIVE
PROGRAMS. TREASURY DEPUTY ASSISTANT SECRETARY SUCHMAN
HAS MADE THIS SUGGESTION TO THE ITALIAN EMBASSY MINISTER
SERAFINI, AND WE WOULD SUGGEST THAT EMBOFFS CONVEY IDEA
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TO APPROPRIATE GOI OFFICIALS IN ROME OR PERHAPS DIRECTLY
TO COMPANIES THEMSELVES. SUCH PROPOSALSHOULD HAVE A
CERTAIN APPEAL TO THE ITALIANS IN THAT THEY WOULD BE
LOSING NO PRESENT MARKETS FOR FLOAT GLASS WHILE AT THE
SAME TIME PUTTING COUNTERVAIL ISSUE TO REST.

4. SERAFINI'S REACTION WAS MILDLY NEGATIVE BUT HE
INDICATED THAT HE WOULD PASS PROPOSAL ON. WE BELIEVE THIS

MAY BE ONLY REAL CHANCE TO AVOID POSITIVE DETERMINATION
BY DEFAULT IN THIS CASE. IT SHOULD BE MADE CLEAR THAT
IF FIRMS AGREE ANY RENEWAL OF EXPORTS TO U.S. WOULD
TRIGGER IMMEDIATE TREASURY ACTION.

6. WE WOULD APPRECIATE REACTION TO ABOVE PROPOSAL AS SOON
AS POSSIBLE, SINCE LITTLE TIME REMAINS BEFORE TREASURY
MUST ISSUE A FINAL DECISION. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RESEARCH, GLASS, COUNTERVAILING DUTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE269597
Document Source: CORE
Document Unique ID: 00
Drafter: RSELF
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750396-0210
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751148/aaaabrin.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 ROME 16050
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 29 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 APR 2003 by BoyleJA>; APPROVED <17 OCT 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FLOAT GLASS -- COUNTERVAILING DUTY INVESTIGATION
TAGS: ETRD, IT
To: ROME
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006